

House File 470 - Introduced

HOUSE FILE 470
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO HSB 102)

A BILL FOR

1 An Act relating to matters under the purview of the alcoholic
2 beverages division of the department of commerce, and making
3 penalties applicable.
4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. Section 22.7, subsection 24, Code 2011, is
2 amended by striking the subsection.

3 Sec. 2. Section 123.3, Code 2011, is amended by adding the
4 following new subsection:

5 NEW SUBSECTION. 014A. "*Grape brandy*" means brandy produced
6 by the distillation of fermented grapes or grape juice.

7 Sec. 3. Section 123.41, Code 2011, is amended to read as
8 follows:

9 **123.41 Manufacturer's license.**

10 1. Upon application in the prescribed form and accompanied
11 by a fee of three hundred fifty dollars, the administrator may
12 in accordance with this chapter grant and issue a license,
13 valid for a one-year period after date of issuance, to a
14 manufacturer which shall allow the manufacture, storage, and
15 wholesale disposition and sale of alcoholic liquors to the
16 division and to customers outside of the state.

17 2. As a condition precedent to the approval and granting of
18 a manufacturer's license, an applicant shall file a statement
19 under oath with the division that the applicant is a bona fide
20 manufacturer of alcoholic liquors, and that the applicant
21 will faithfully observe and comply with all laws, rules, and
22 regulations governing the manufacture and sale of alcoholic
23 liquor.

24 ~~2- 3.~~ A person who holds an experimental distilled spirits
25 plant permit or its equivalent issued by the ~~federal bureau~~
26 ~~of alcohol, tobacco and firearms~~ alcohol and tobacco tax and
27 trade bureau of the United States department of the treasury
28 may produce alcohol for use as fuel without obtaining a
29 manufacturer's license from the division.

30 4. A violation of the requirements of this section shall
31 subject the licensee to the general penalties provided in this
32 chapter and shall constitute grounds for imposition of a civil
33 penalty or suspension or revocation of the license after notice
34 and opportunity for a hearing pursuant to section 123.39 and
35 chapter 17A.

1 Sec. 4. Section 123.43A, subsection 8, Code 2011, is amended
2 to read as follows:

3 8. Micro-distilled spirits purchased at a micro-distillery
4 shall not be consumed ~~within three hundred feet of a~~
5 ~~micro-distillery~~ or on any property owned, operated, or
6 controlled by a micro-distillery.

7 Sec. 5. NEW SECTION. **123.46A Delivery of alcoholic**
8 **beverages by retailers.**

9 1. Licensees and permittees authorized to sell alcoholic
10 liquor, wine, or beer in original unopened containers for
11 consumption off the licensed premises may deliver alcoholic
12 liquor, wine, or beer to a home or other designated location in
13 this state. Deliveries shall be limited to alcoholic beverages
14 authorized by the licensee's or permittee's license or permit.

15 2. All deliveries of alcoholic liquor, wine, or beer shall
16 be subject to the following requirements and restrictions:

17 a. Payment for the alcoholic liquor, wine, or beer shall be
18 received on the licensed premises at the time of order.

19 b. Alcoholic liquor, wine, or beer delivered to a person
20 shall be for personal use and not for resale.

21 c. Deliveries shall only be made to persons in this state
22 who are twenty-one years of age or older.

23 d. Deliveries shall not be made to a person who is
24 intoxicated or is simulating intoxication.

25 e. Deliveries shall occur between 6:00 a.m. and 10:00 p.m.
26 Monday through Saturday, and between 8:00 a.m. and 10:00 p.m.
27 Sunday.

28 f. Delivery of alcoholic liquor, wine, or beer shall be made
29 by the licensee or permittee, or the licensee's or permittee's
30 employee, and not by a third party.

31 g. Delivery personnel shall be eighteen years of age or
32 older.

33 h. Deliveries shall be made in a vehicle owned, leased, or
34 under the control of the licensee or permittee.

35 i. Valid proof of the recipient's identity and age shall

1 be obtained at the time of delivery, and the signature of a
2 person twenty-one years of age or older shall be obtained as a
3 condition of delivery.

4 j. Licensees and permittees shall maintain records
5 of deliveries which include the quantity delivered, the
6 recipient's name and address, and the signature of the
7 recipient of the alcoholic liquor, wine, or beer. The records
8 shall be maintained on the licensed premises for a period of
9 three years.

10 3. A violation of this section or any other provision of
11 this chapter shall subject the licensee or permittee to the
12 penalty provisions of section 123.39.

13 4. Nothing in this section shall impact the direct shipment
14 of wine as regulated by section 123.187.

15 Sec. 6. Section 123.56, subsections 1, 2, and 3, Code 2011,
16 are amended to read as follows:

17 1. Subject to rules of the division, manufacturers of
18 native wines from grapes, cherries, other fruits or other fruit
19 juices, vegetables, vegetable juices, dandelions, clover,
20 honey, or any combination of these ingredients, holding a
21 class "A" wine permit as required by this chapter, may sell,
22 keep, or offer for sale and deliver the wine. ~~Sales may be~~
23 ~~made at retail for off-premises consumption when sold on the~~
24 ~~premises of the manufacturer, or in a retail establishment~~
25 ~~operated by the manufacturer. Sales may also be made to class~~
26 ~~"A" or retail wine permittees or liquor control licensees as~~
27 ~~authorized by the class "A" wine permit. Notwithstanding any~~
28 ~~other provision of this chapter, manufacturers of native wine~~
29 ~~may purchase and possess grape brandy from the division for the~~
30 ~~sole purpose of manufacturing wine.~~

31 2. Native wine may be sold at retail for off-premises
32 consumption when sold on the premises of the manufacturer,
33 or in a retail establishment operated by the manufacturer.
34 Sales may also be made to class "A" or retail wine permittees
35 or liquor control licensees as authorized by the class "A"

1 wine permit. A manufacturer of native wines shall not sell
 2 the wines other than as permitted in this chapter and shall
 3 not allow wine sold to be consumed upon the premises of the
 4 manufacturer. However, prior to sale native wines may be
 5 sampled on the premises where made, when no charge is made
 6 for the sampling. A person may manufacture native wine for
 7 consumption on the manufacturer's premises, when the wine or
 8 any part of it is not manufactured for sale.

9 3. A manufacturer of native wines may ship wine in closed
 10 containers to individual purchasers inside ~~and outside~~ this
 11 state by obtaining a wine direct shipper license pursuant to
 12 section 123.187. ~~The manufacturer shall label the package~~
 13 ~~containing the wine with the words "deliver to adults only".~~

14 Sec. 7. Section 123.57, Code 2011, is amended to read as
 15 follows:

16 **123.57 Examination of accounts.**

17 The financial condition and transactions of all offices,
 18 departments, warehouses, and depots of the division shall be
 19 examined at least once each year by the state auditor and at
 20 shorter periods if requested by the administrator, governor,
 21 commission, or executive council the general assembly's
 22 standing committees on government oversight.

23 Sec. 8. REPEAL. Section 123.43, Code 2011, is repealed.

24 EXPLANATION

25 This bill makes changes regarding matters under the purview
 26 of the alcoholic beverages division of the department of
 27 commerce.

28 The bill deletes an exception to the open records law in
 29 Code chapter 22 which currently provides that records of
 30 purchases of alcoholic liquor from the division which would
 31 reveal purchases made by an individual class "E" liquor control
 32 licensee shall be kept confidential, unless required to be
 33 revealed for law enforcement purposes or for the collection of
 34 payments due the division pursuant to Code section 123.24.

35 The bill provides that prior to the approval and granting

1 of a manufacturer's license, which allows the manufacture,
2 storage, and wholesale disposition and sale of alcoholic
3 liquors to the division and to customers outside of the state,
4 an applicant must file a statement under oath with the division
5 that the applicant is a bona fide manufacturer of alcoholic
6 liquors, and that the applicant will faithfully observe and
7 comply with all laws, rules, and regulations governing the
8 manufacture and sale of alcoholic liquor. The bill subjects
9 a licensee violating the requirements for issuance of a
10 manufacturer's license, in addition to any other applicable
11 penalty contained in Code chapter 123, to the civil penalty and
12 suspension or revocation provisions contained in Code section
13 123.39. The civil penalty is in an amount not to exceed \$1,000
14 per violation. The bill repeals Code section 123.43, which
15 requires the posting of a \$5,000 bond by applicants for a
16 manufacturer's license.

17 The bill deletes a current provision prohibiting
18 micro-distilled spirits purchased at a micro-distillery from
19 being consumed within 300 feet of a micro-distillery.

20 The bill provides that a licensee or permittee authorized to
21 sell liquor, wine, or beer in original unopened containers for
22 consumption off the licensed premises may deliver it to a home
23 or other designated location in Iowa. Payment for the liquor,
24 wine, or beer shall be received on the licensed premises at
25 the time of order; liquor, wine, or beer shall be for personal
26 use and not for resale; deliveries shall only be made to
27 persons in this state who are 21 or older; and deliveries shall
28 not be made to a person who is intoxicated or is simulating
29 intoxication. Additionally, deliveries shall occur between
30 6:00 a.m. and 10:00 p.m. Monday through Saturday and 8:00 a.m.
31 and 10:00 p.m. Sunday and shall be made by the licensee or
32 permittee, or the licensee's or permittee's employee. Delivery
33 personnel are required to be 18 or older. Further, deliveries
34 shall be made in a vehicle owned, leased, or under the control
35 of the licensee or permittee, valid proof of the recipient's

1 identity and age shall be obtained at the time of delivery and
2 the signature of an adult shall be obtained as a condition of
3 delivery, and licensees and permittees are required to maintain
4 records of deliveries for a period of three years. The bill's
5 provisions do not impact provisions regulating the direct
6 shipment of wine in Code section 123.187. A violation of the
7 delivery provisions, or any other provision of Code chapter
8 123, shall subject the licensee's or permittee's license or
9 permit to the penalty provisions of Code section 123.39, which
10 include possible suspension or revocation and a civil penalty
11 not to exceed \$1,000 per violation.

12 Additionally, the bill makes specified changes relating
13 to the manufacture of native wine. The bill states that
14 manufacturers of native wine may purchase and possess grape
15 brandy, as defined in the bill, for the sole purpose of
16 manufacturing wine, provided that the grape brandy is purchased
17 from the division. The bill clarifies that a manufacturer of
18 native wine shall obtain a wine shipper's license pursuant to
19 Code section 123.187 to ship wine inside this state and makes
20 the manufacturer subject to the provisions of the Code section.